CITY AND COUNTY OF SAN FRANCISCO OFFICE OF THE CONTROLLER
Ben Rosenfield
Controller
Monique Zmuda
Deputy Controller

MEMORANDUM

TO: Mayor Edwin Lee
Members, San Francisco Board of Supervisors
Controller Ben Rosenfield
Kate Howard, Mayor's Budget Director
Lani Kent, Mayor's Office

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OCT 23 2014
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FROM: Peg Stevenson, City Performance Director, Controller's Office
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CC: Steering Committee, Citywide Nonprofit Monitoring and Capacity Building Program
City Department Heads and Chief Financial Officers

DATE: October 15, 2014

SUBJECT: **FY13-14 Annual Report of the Citywide Nonprofit Monitoring** and Capacity **Building Program**

I. Background

The Controller's Office coordinates the ongoing citywide program of fiscal and compliance monitoring for nonprofit organizations that have multiple City contracts. In this program, nine City departments conduct fiscal and compliance monitoring jointly so that it is done efficiently and uses consistent standards and methods. The program also identifies nonprofits in need of technical assistance or coaching, and provides consulting services at the City's expense to help those organizations improve their fiscal health and comply with City standards. The program has been in place since 2005 and now includes approximately 120 nonprofit providers annually with an aggregate of over $400 million in City funding from participating departments.

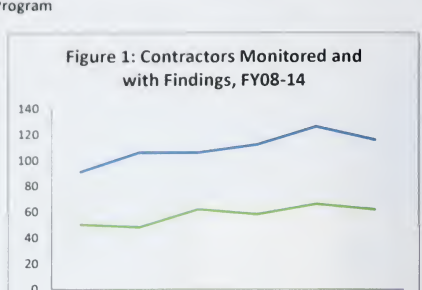
FY14 Joint Monitoring Program Departments	
ARTS	Arts Commission
CFC	Children and Families Commission (First 5)
DCYF	Department of Children, Youth and Their Families
DOSW	Department on the Status of Women
DPH	Department of Public Health
HSA	Human Services Agency
MOHCD	Mayor's Office of Housing and Community Development
OEWD	Office of Economic and Workforce Development
SHF	Sheriff's Department

This annual report documents 1) the major findings of the Joint Monitoring Program, 2) the capacity building activities performed throughout the year, 3) performance measurement for the program, and 4) the Corrective Action Policy and recommendations. Thanks to the dedication of participating

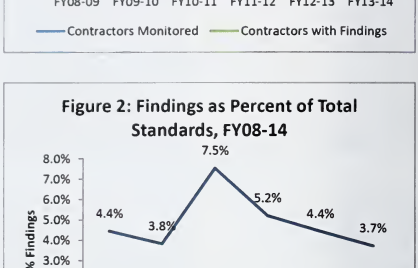
departmental staff and the program team, we were able to make significant improvements in data collection and analysis in Fiscal Year 2013-2014 (FY14).

II. Findings of the Joint Monitoring Program

The standards that must be met by nonprofits contracting with the City and the documentation and steps that the City uses to test compliance with these standards are detailed in a handbook available on the Controller's website at http://www.sfcontroller.org/nonprofits. Every year, the City trains both nonprofit agencies and its own staff on how to meet the standards and generally improve financial and administrative management (see Technical Assistance section below).



During FY14, 116 nonprofit contractors participated in the Monitoring Program between October 2013 and June 2014 (another two received a waiver for the year). Of these, 62 contractors (53%) had one or more findings (i.e., did not meet a standard in some area). The remaining 54 nonprofit contractors (47%) met all standards with no findings (see Appendix A for a list of the contractors with no findings).



The percent of contractors with findings has remained relatively steady over the past five years, from a low of 45% in FY10 to a high of 58% in FY11 (see Figure 1). The total number of findings among all contractors monitored also peaked in FY11, to a high of 575, which we posit relates to the effects of the recession destabilizing San Francisco nonprofits. As the number of nonprofits monitored and the number of standards assessed has varied slightly over the years, Figure 2 shows the total number of findings as a percentage of that year's total possible findings. Over the last four years, this ratio has steadily declined to a program low of 3.7% FY14.

The Monitoring Program conducts a "point in time" assessment of contractors in three broad areas of organizational health: fiscal, compliance, and governance. Each area is divided into categories containing the specific standards being monitored, e.g. the Fiscal Section includes eight areas of review, each of which has several specific standards. Governance standards are considered best practices, and failing to meet one of these best practices does not constitute a "finding." Figure 3 shows the number of nonprofits with each category of finding, as well as the total findings within each category, and the status of those findings at the end of the monitoring cycle. Figure 4 depicts the most common findings by sub-category, or specific standard.

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Contractors addressed over 40% of their findings before the monitoring cycle closed in June 2014.[1] Half of the findings required longer-term work or an extended corrective action plan. The status of the remaining 9% of findings is unknown (e.g., the Controller's Office may not have received the close-out letter indicating the status of each finding from the City department leading the monitoring).

Fiscal findings are more common than compliance findings, with 48% of all nonprofits monitored having one or more fiscal findings, and only 27% of contractors having a compliance finding.

Figure 3: Total Findings by Category and Status

Category		Nonprofits with 1 or More Findings in a Category		Status of Each Finding at Close of Monitoring Cycle (June 2014)			
		#	%	Finding Corrected	Work in Progress	Outcome Unknown	Total Findings
FISCAL							
1F	Financial Reports	**24**	21%	14	24	3	**41**
1A	Agency-wide Budget	**24**	21%	12	24	3	**39**
1B	Cost Allocation Procedures	**15**	13%	9	20	8	**37**
1E	Fiscal Policies and Procedures	**15**	13%	9	17	1	**27**
1H	Payroll	**15**	13%	17	3	2	**22**
1G	Invoices	**11**	9%	8	7	0	**15**
1C	Audited Financial Statements	**6**	5%	1	13	1	**15**
1D	Tax Forms	**5**	4%	1	2	2	**5**
	SUBTOTAL – FISCAL	**56**	**48%**	**71**	**110**	**20**	**201**
				35%	*55%*	*10%*	*67%*
COMPLIANCE							
2G	Personnel Policies	**19**	16%	14	9	3	**26**
2H	Emergency Operations Plan	**17**	15%	14	15	1	**30**
2I	ADA[2]	**10**	9%	9	5	0	**14**
2E	Subcontracts	**8**	7%	8	1	0	**9**
2A	Board Minutes	**5**	4%	3	3	2	**8**
2B	Board Meetings	**5**	4%	4	3	0	**7**
2C	Public Access to Records	**4**	3%	1	3	0	**4**
2D	Client Represented on Board	**3**	3%	0	3	0	**3**
2F	Licenses	**0**	0%	0	0	0	**0**
2J	DUNS[3]	**0**	0%	0	0	0	**0**
	SUBTOTAL – COMPLIANCE	**31**	**27%**	**53**	**42**	**6**	**101**
				52%	*42%*	*6%*	*33%*
	TOTAL FINDINGS			**124**	**152**	**26**	**302**
				41%	*50%*	*9%*	
GOVERNANCE							
3A	Board Best Practices	6	5%	0	7	10	17
				0%	*41%*	*59%*	

[1] FY14 was the first year that Monitors reported the outcomes of each finding within the monitoring cycle.
[2] Americans with Disabilities Act
[3] Data Universal Numbering System, a unique identifier for entities receiving federal funds

As with the total number of findings among contractors in the monitoring pool, FY14 continued a multi-year declining trend within specific categories of findings. In particular, five Compliance findings saw a reduction of 9 - 19% since FY11. Similarly, five Fiscal findings saw a reduction of 10 – 14% in the same period. The percent of nonprofits in the monitoring pool with findings in *1A. Agency-wide Budget* remained steady at 21% since FY12. Appendix B shows trend analysis for findings categories over the course of the Monitoring Program.

For the first time in the Monitoring Program, the Controller's Office tracked findings at the standard level (in the past, all findings were tracked by category rather than standard). While we see in Figure 3 that the most common findings are in the categories of *1A. Agency-wide Budget* (21%), *1F. Financial Reports* (21%), and *2G. Personnel Policies* (16%), we can now drill down to note which specific standards cause the most difficulty for nonprofit contractors. For example, we can now see under the category *1F. Financial Reports – Balance Sheets* that 16% (19) of agencies in the monitoring pool did not meet the standard "Current assets exceed current liabilities by 2 to 1" and 10% (12) did not meet the standard "Process for cost allocation procedures is documented in a written narrative" within category *1B. Cost Allocation Procedures* (although in both cases some nonprofits were able to correct these findings within the fiscal year). See Figure 4 for details.

Figure 4: Most Common Findings by Standard

		Status of Finding at Close of Monitoring Cycle (June 2014)			Total Count of Findings	% Agencies with Finding (n=116)
Category	Standard	Finding Corrected	Work in Progress	Outcome Unknown		
1F. Financial Reports – Balance Sheet	c. Current assets exceed current liabilities by 2 to 1	6	11	2	**19**	16%
1B. Cost Allocation Procedures	a. Process for cost allocation procedures is documented in a written narrative	4	6	2	**12**	10%
1H. Payroll	d. If employee time is paid by more than one source, it is recorded on timesheets	8	3	1	**12**	10%
1B. Cost Allocation Procedures	b. Process for allocating shared program costs is consistent and reasonable	3	6	2	**11**	9%
2G. Personnel Policies	c. Documentation of the following is maintained on file	8	2	1	**11**	9%
1A. Agency-wide Budget	c. Shows allocation of shared and indirect cost by program	3	6	1	**10**	9%
1A. Agency-wide Budget	d. Shows fundraising separate from indirect cost by program	6	4	0	**10**	9%
1E. Fiscal Policies & Procedures	a. Current	7	3	0	**10**	9%
1A. Agency-wide Budget	f. 15% of funding from non-City sources	1	8	0	**9**	8%
1F. Financial Reports - Profit and Loss	g. YTD net income is positive or the Contractor provides a sound explanation	6	3	0	**9**	8%
1G. Invoices - Expenses	a. Expenses tested on invoices have supporting documentation	5	4	0	**9**	8%

Appendix C expands on Figure 4 by providing a complete list of findings and outcomes for all standards monitored through the program.

In general, a high number of findings or repeated findings raise a concern that a nonprofit does not have the organizational capacity to correct deficiencies and/or the leadership of the agency is failing to act on known important issues of financial management, governance, compliance reporting or other core factors. Some of the findings signal serious organizational problems that jeopardize an organization's ability to provide effective and sustainable services to residents in need. City departments and the Controller's Office continue to work with these agencies to correct monitoring findings and improve organizational health.

Figure 5 shows monitored agencies that had the same finding (at the standard level) in both FY13 and FY14. Eighteen (16%) of the monitored nonprofits had repeated findings in FY14, though only six (5%) had multiple repeated finding.

Figure 5: Nonprofits with Repeated Findings in FY12-13 and FY13-14

Nonprofit Name	Funding Departments	Repeated Findings	Count of Repeated Findings
BOOKER T WASHINGTON COMMUNITY SERVICES CENTER	DCYF, MOHCD	1A.c., 1A.d., 1B.a., 1B.b., 1B.c., 1B.d., 2I.b.	7
GUM MOON RESIDENCE HALL	CFC, DOSW, HSA, MOHCD	1C.a., 1C.b., 1C.c., 1C.d., 1C.e., 1C.f., 1C.g.	7
BAYVIEW HUNTERS POINT FOUND. FOR COM. IMPROVEMENT	DCYF, DPH, HSA	1A.f., 1B.a., 1B.b., 2D.a.	4
LA RAZA CENTRO LEGAL INC	HSA, MOHCD	1B.d., 1D.a., 2H.b.	3
SELF HELP FOR THE ELDERLY	DPH, HSA, MOHCD, OEWD	1C.b., 1D.a., 1F.c.	3
HORIZONS UNLIMITED OF SF	DCYF, DOSW, DPH	1A.f., 1F.c.	2
BAYVIEW HUNTERS POINT MULTIPURPOSE SENIOR SERVICES	ARTS, HSA, SHF	1F.c.	1
BERNAL HEIGHTS NEIGHBORHOOD CENTER	DCYF, HSA, MOHCD	1F.f.	1
CENTRAL AMERICAN RESOURCE CENTER	DCYF, MOHCD	2G.b.	1
CENTRAL CITY HOSPITALITY HOUSE	DPH, HSA, MOHCD	1A.f.	1
CHILDREN'S COUNCIL OF SAN FRANCISCO	CFC, DCYF, DPH, HSA	1F.c.	1
EPISCOPAL COMMUNITY SERVICES OF SF INC	DCYF, DPH, HSA, MOHCD, OEWD	1F.c.	1
HEALTHRIGHT 360	DPH, HSA, SHF	1F.c.	1
MISSION NEIGHBORHOOD CENTERS INC	DCYF, DOSW, HSA	1F.c.	1
SAGE PROJECT INC	DCYF, DPH	1F.c.	1
SAN FRANCISCO LGBT COMMUNITY CENTER	DCYF, HSA, OEWD	1F.c.	1
ST VINCENT DE PAUL SOCIETY OF SAN FRANCISCO	DOSW, HSA	2I.a.	1
WESTSIDE COMMUNITY MENTAL HEALTH CENTER INC	DCYF, DPH	1A.f.	1

Repeated findings are important indicators of noncompliance with monitoring standards. Nonprofits that do not adequately address findings from year to year may be labeled "unresponsive," which may lead to being placed on Elevated Concern Status, per the program's Corrective Action Policy (see Attachment 1).

There are two potential exceptions:

- 1A.f. Agency-wide Budget: 15% of funding from non-City sources
- 1F.c. Financial Reports: Current assets exceed current liabilities by 2 to 1

Both standards are important to the financial health of an agency, but correcting these may take more than a single year. Often, agencies with one of these findings have submitted a multi-year corrective action plan, and as such, would not be placed on Elevated Concern Status unless the monitoring showed that the agency was not following its corrective action plan.

Standard 1F.c. is the most commonly repeated finding, with nine nonprofits (8% of all monitored agencies) having this finding two years in a row. Standard 1A.f. is the second most commonly repeated finding, with four nonprofits (3% of all monitored agencies) having this finding two years in a row.

In addition to repeated findings, having a large number of total findings can also illustrate potential instability. Figure 6 shows the nonprofits with the most findings, ranked by the number of findings not fully corrected by the close of the monitoring cycle. Appendix D shows all nonprofits with initial findings.

Figure 6: Contractors with the Most Findings, FY14

Nonprofit Name	Funding Departments	Initial Findings	Findings Addressed	Outstanding Findings	Initial Findings Detail
GUM MOON RESIDENCE HALL	CFC, DOSW, HSA, MOHCD	30	1	**29**	1A.a., 1A.c., 1A.e., 1B.a-d., 1C.a-g., 1D.a., 1F.a-g., 1G.a-c., 2G.b., 2H.b-c., 2I.a-b.
BAYVIEW OPERA HOUSE	ARTS, OEWD	27	1	**26**	1A.b-c., 1B.a-d., 1E.b., 1E.e-g., 1H.d., 2A.a., 2A.c., 2C.a., 2D.a., 2E.a., 2G.a-c., 2H.a-f., 2I.a-b.
AFRICAN AMERICAN ART & CULTURE COMPLEX	ARTS, DCYF	21	2	**19**	1A.c-d., 1B.a-d., 1E.b-c., 1E.g., 1F.c., 1H.d., 2A.a., 2A.c-d., 2B.a-b., 2C.a., 2G.a., 2G.c., 2H.d., 2I.b.
NIHONMACHI LEGAL OUTREACH DBA API LEGAL OUTREACH	DOSW, HSA	15	0	**15**	1A.a-f., 1B.a., 1C.a., 1F.a-g.
BRAVA FOR WOMEN IN THE ARTS	DCYF, MOHCD	10	0	**10**	1A.c., 1B.a-d., 1E.b., 1F.c., 2G.b., 2G.c., 2H.a.
SAGE PROJECT INC	DCYF, DPH	9	0	**9**	1B.b., 1E.c., 1F.c., 1G.c., 2B.b., 2C.a., 2D.a., 2G.a., 2H.b.
SAN FRANCISCO VETERANS EQUITY CENTER	HSA, MOHCD	9	0	**9**	1A.a., 1B.a-d., 1H.d-e., 2A.b., 2G.b.
CENTRAL CITY HOSPITALITY HOUSE	DPH, HSA, MOHCD, OEWD	9	1	**8**	1A.f., 1E.b-g., 2H.b., 2H.f.
BOOKER T WASHINGTON COMMUNITY SERVICES	DCYF, MOHCD	10	4	**6**	1A.c-d., 1B.a-d., 1H.d-e., 2H.c., 2I.b.
BAYVIEW HUNTERS POINT MULTIPURPOSE SENIOR SERVICES	ARTS, HSA, SHF	6	0	**6**	1C.a-d., 1D.a., 1F.c.

What is noticeable about this list and the list in Appendix D is that nonprofits with fewer findings also tend to have more scattered findings, e.g., a single issue within a category. Those with more overall findings are more likely to have multiple sub-findings within each category. Additionally, agencies with fewer findings are more likely to have addressed the findings (often by simply submitting additional documentation) within the monitoring cycle, while the nonprofits with the highest number of findings are more likely to have them categorized as "work in progress" at the end of the monitoring cycle.

It should be noted that several of the agencies listed in Figures 5 and 6 are currently receiving technical assistance to address the issues raised in the monitoring cycle. See Section III for details.

III. Technical Assistance, Coaching, and Trainings

A. Technical Assistance

In an effort to help nonprofits correct their findings and improve their overall operations, the Controller's Office provides coaching and technical assistance to City-funded nonprofits. These services are generally provided through a contract between the City and CompassPoint Nonprofit Services, an organization with broad professional and community experience in nonprofit management.

In FY14, the following six nonprofits received technical assistance, generally through referrals by City departments:

1. African American Arts and Cultural Complex
2. Collective Impact
3. Gum Moon Residence Hall
4. La Raza Community Resource Center (City vendor, not in FY14 Monitoring Pool)
5. Mission Neighborhood Centers
6. Vietnamese Youth Development Center (ongoing from FY13)

Technical assistance in FY14 focused on fiscal issues: cost allocation procedures, budgeting, fiscal policies and procedures, and fiscal management. One organization will receive assistance with board capacity building in FY15.

B. Bayview Nonprofit Capacity Building Project

Building on a previous neighborhood-based capacity building project in Visitacion Valley in FY13, the Controller's Office and a multi-departmental Steering Committee launched the Bayview Nonprofit Capacity Building Project in FY14. The project, continuing into FY15, provides technical assistance, coaching, and training to selected nonprofits serving Bayview residents. By strengthening an organization's infrastructure, the project strives to increase each nonprofit's capacity to serve vulnerable Bayview residents.

1. Technical Assistance

The project focuses primarily on Bayview nonprofit organizations that receive funding from the City. The amount and duration of assistance varies depending on the needs of participating organizations. Thirteen nonprofits applied to the program and the Project Steering Committee selected seven nonprofits to participate, six of which are currently in the wider Nonprofit Monitoring Program pool. The organizations selected include:

- Bayview Hunters Point Foundation for Community Improvement
- Bayview Hunters Point Multipurpose Senior Services
- Bayview Opera House
- Black Coalition on AIDS
- Hunters Point Family
- Old Skool Café
- San Francisco Housing Development Corporation

In partnership with CompassPoint, these nonprofits began receiving support in FY14 on such critical topics as budgeting, cost allocation plans, financial systems improvement, board development, fundraising, and staff leadership. The program will conclude in FY15 with an evaluation of its efficacy.

2. Southeast Nonprofit Resource Fair

Months of planning during FY14 culminated in the Southeast Nonprofit Resource Fair held on July 16, 2014 at the PUC's Contractors Assistance Center. The purpose of the event was to help nonprofits in District 10 learn about upcoming City funding opportunities and contractor requirements, participate in interactive trainings on various funding-related topics, and learn best practices for applying for City funding.

The collaborative event featured resource tables hosted by 18 City departments, as well as four concurrent workshops on City funding-related topics, and many opportunities for networking. District 10 Supervisor, Malia Cohen, and staff members from the Controller's Office and the Public Utilities Commission provided remarks. There were over 60 nonprpfit staff members in attendance and 20 City Departments involved in the planning and execution of the event.

C. Spring 2014 Nonprofit Training Series

Each year, the Controller's Office organizes a Spring Training Series to nonprofits in the Nonprofit Monitoring Program pool. In FY14, the Controller's Office surveyed nonprofits to assess interest and need, and revised the training offerings accordingly. Partnering with CompassPoint Nonprofit Services, the Controller's Office offered two sessions each of the following three workshops during April and May 2014:

1. Building Better Budgets
2. Strategy Formation for Sustainability and Impact
3. Engaging your Board in Governance and Fundraising

The Controller's Office encouraged nonprofits to attend all three workshops in the series, and offered a Certificate of Participation to the 35 agencies that sent representatives to each. Overall, 81 nonprofits participated in at least one workshop, with 199 total participants (duplicated) at the six sessions.

IV. Performance Measures

The Controller's Office evaluates the Citywide Nonprofit Monitoring and Capacity Building Program using a variety of process and satisfaction measures. Many measures come from an annual survey of city monitoring staff and monitored contractors. Full results of these surveys are included as Appendix E. Other measures relate to whether monitors adhered to program guidelines. A full accounting of FY14 contractor and City monitoring staff surveys can be found in Appendix E, and trends for all performance measures can be found in Appendix F.

New in FY14, the Controller's Office asked monitors to comment on the benefits of the program. Generally, monitors believe the joint monitoring process improves their departments' monitoring practices and increases contractor accountability.

Figure 7: Benefits of the Nonprofit Monitoring Program

Survey Questions	Strongly agree	Agree	Disagree	Strongly disagree
Does sharing the monitoring process among multiple departments save you/your staff time?	7	4	2	1
Do consistent standards and a shared monitoring process between City departments increase the City's ability to hold nonprofits accountable?	8	5	2	0
Does the Non-profit Monitoring Program help improve your Department's non-profit fiscal and compliance practices?	7	5	0	2

V. Corrective Action Policy

As an outgrowth of the joint monitoring work, the City initiated a corrective action policy in 2011. This policy is intended to encourage accountability, compliance with government funding requirements, and reliable service delivery for San Francisco residents. It ensures that the City as a funder acts appropriately when a nonprofit contractor is failing to meet standards and that the nonprofit has a plan in place and work underway to correct deficiencies. As part of this policy, a funding department or the Controller may place nonprofits in an "elevated concern" or a "red flag" status if the organization meets the specified criteria and does not respond to the City's efforts to bring it into compliance with contract standards.

City departments or the Controller can designate elevated concern or red flag status to a nonprofit organization for fiscal, compliance, and/or programmatic reasons, or when a nonprofit fails to complete any step in the Citywide Nonprofit Monitoring Process. Designation of elevated concern status results in the provision of mandatory technical assistance to support the nonprofit in establishing sound fiscal and management practices. Elevated concern will not result in defunding, though if the nonprofit is unresponsive to technical assistance and remains out of compliance with monitoring requirements, the status may be heightened to red flag, for which de-funding is an option. Nonprofit organizations designated with red flag status are less competitive (or may be ineligible) in Requests for Proposal (RFP) processes for new grants and contracts.

A. Elevated Concern

Elevated concern status can occur when a nonprofit has not done any or all of the following by City department deadlines:

- Responded to the City's request for monitoring documents
- Responded to the City's request for corrective action
- Provided a corrective action plan that is acceptable to the City
- Complied with the implementation of a corrective action plan

The Controller's Office has placed the following two contractors on elevated concern status based on FY14 and historical monitoring:

1. ***Booker T Washington Community Services Center***

In FY14, this contractor had ten total findings, seven of which had been findings in FY13 and were not adequately addressed per the corrective action plan. Findings in the areas of budget and cost allocation plan have appeared on this contractor's monitoring reports for the last three monitoring cycles. Additionally, with ten findings, this contractor is among the top five contractors in FY14 with the highest number of total findings. The Controller's Office recommends elevated concern status until monitoring shows that the contractor has the capacity to develop and adhere to annual budgets and cost allocation plans that are reasonable and meet City guidelines. The Controller's Office will provide technical assistance as needed and appropriate, per the recommendation of lead City departments.

2. ***Gum Moon Residence Hall***

In FY14, this contractor had 30 total findings, the most of any monitored nonprofit. Seven of these findings, all in the Audited Financial Statements category, are repeated from FY13. This contractor's failure to conduct and/or pass an audit poses a serious financial risk for the City, and the Controller's Office recommends elevated concern status until monitoring shows that the contractor has conducted an audit resulting in an unqualified opinion and no material weaknesses mentioned by the auditor. The contractor is already receiving technical assistance, and the Controller's Office will continue to provide it, as needed and appropriate, per the recommendation of lead City departments.

These two nonprofits also had the most number of repeated findings among all contractors between FY13 and FY14.

B. Red Flag

Red flag status is for service providers at imminent risk of being unable to perform services per their contract. The designation is determined by City department or division heads, with recommendations made by the Controller's Office, and in these cases, the department heads also prescribe specific corrective action. The Controller's Office does not recommend any contractors be placed on Red Flag Status based on FY14 monitoring.

Please see Attachment 1 for the full Corrective Action Policy.

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Appendices:

A. Contractors with No Findings in FY14
B. Trend Analysis: Change in Findings FY09-FY14
C. Complete List of Standards, Findings and Contractor Outcomes for FY14
D. All Contractors with Findings, FY14
E. City Monitoring Staff and Contractor Survey Results, FY14
F. Performance Measures

Attachments:

1. Citywide Nonprofit Monitoring Program Corrective Action Policy
2. Standard Monitoring Form

APPENDIX A: Contractors with No Findings in FY14

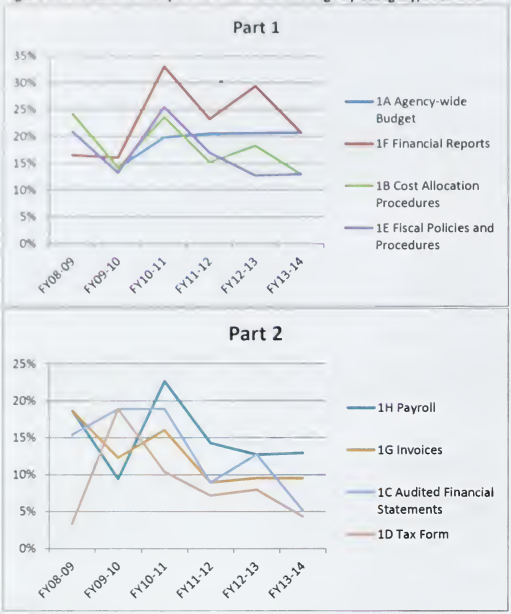
1. AIDS LEGAL REFERRAL PANEL OF THE SF BAY *
2. ASIAN LAW CAUCUS *
3. ASPIRANET
4. BAY AREA LEGAL AID
5. BAY AREA VIDEO COALITION *
6. BAYCAT
7. BOYS & GIRLS CLUBS OF SAN FRANCISCO
8. CATHOLIC CHARITIES CYO
9. CHINATOWN COMMUNITY DEVELOPMENT CENTER *
10. COMMUNITY AWARENESS & TREATMENT SVCS INC *
11. COMMUNITY HOUSING PARTNERSHIP
12. COMMUNITY YOUTH CENTER SAN FRANCISCO *
13. COMPASS FAMILY SERVICES *
14. DONALDINA CAMERON HOUSE *
15. FACES SF
16. FAMILY SERVICE AGENCY OF SAN FRANCISCO
17. FRIENDSHIP HOUSE ASSOC OF AMERICAN INDIAN *
18. GLIDE COMMUNITY HOUSING INC *
19. GOODWILL INDUST OF S F SAN MATEO & MARIN
20. HUCKLEBERRY YOUTH PROGRAMS INC
21. IN-HOME SUPPORTIVE SERVICES CONSORTIUM *
22. JAPANESE COMMUNITY YOUTH COUNCIL
23. JEWISH COMMUNITY CENTER OF SF *
24. JEWISH FAMILY AND CHILDREN'S SERVICES *
25. JEWISH VOC & CAREER COUNSELING SVC (JVS)
26. LA CASA DE LAS MADRES *
27. LAVENDAR YOUTH RECREATION & INFO CENTER (LYRIC) *
28. LEGAL ASSISTANCE TO THE ELDERLY INC *
29. LEGAL SERVICES FOR CHILDREN INC
30. MAITRI *
31. MENTAL HEALTH ASSOCIATION OF SF
32. MISSION ECONOMIC DEVELOPMENT AGENCY
33. MISSION HIRING HALL
34. MISSION HOUSING DEVELOPMENT CORP
35. MISSION SF COMMUNITY FINANCIAL CENTER
36. MUJERES UNIDAS Y ACTIVAS
37. PERFORMING ARTS WORKSHOP *
38. POSITIVE RESOURCE CENTER
39. PROVIDENCE FOUNDATION OF SAN FRANCISCO
40. RICHMOND AREA MULTI-SERVICES INC
41. RICHMOND DISTRICT NEIGHBORHOOD CTR INC
42. SAN FRANCISCO FOOD BANK *
43. SAN FRANCISCO STUDY CENTER INC *
44. SENECA CENTER *
45. SPECIAL SERVICE FOR GROUPS *
46. SWORDS TO PLOWSHARES
47. TENDERLOIN HOUSING CLINIC INC
48. TENDERLOIN NEIGHBORHOOD DEVEL. CORP *
49. TIDES CENTER
50. TOOLWORKS INC *
51. VIETNAMESE YOUTH DEVELOPMENT CENTER
52. WESTED *
53. YMCA OF SAN FRANCISCO
54. YOUNG COMMUNITY DEVELOPERS

** indicates no findings in FY12-13 as well*

APPENDIX B: Trend Analysis
Change in Findings, FY09-FY14

1. Fiscal Standards

Figure B1: Percent of Nonprofits with Fiscal Findings by Category, FY09-FY14

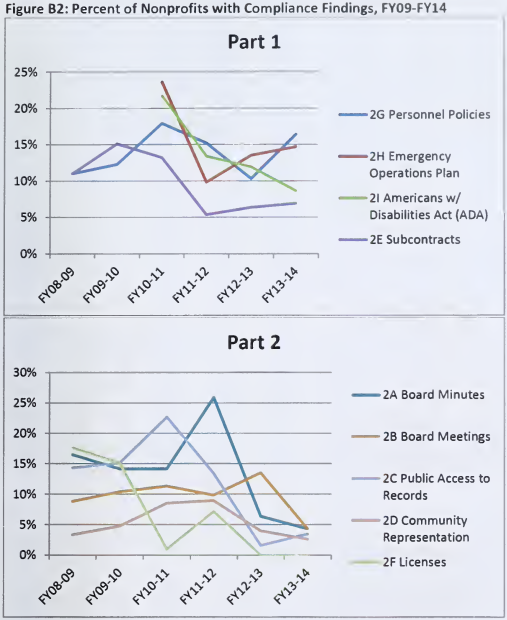


1C. Audited Financial Statements saw the biggest decline in findings in recent years, dropping from 19% of contractors having one or more findings in this category in FY10 to just 5% in FY14. Though *1F. Financial Reports* had a similar drop of 13% over the same time period, it remains one of the most common categories with findings in the Monitoring Program, with a little over one in five contractors having a finding in this category. As noted elsewhere, standard 1F.c. (current assets exceed current liabilities by 2 to 1) is the most common finding overall and can take several years to address. Since FY11, about 20% of nonprofits have had findings in *1A. Agency-wide Budget*. In FY14, while nearly all agencies had a current budget, the most common findings in this category were:

- 1A.c. Shows allocation of shared and indirect cost by program (8%)
- 1A.d. Shows fundraising separate from indirect cost by program (9%)

2. Compliance Standards

Figure B2: Percent of Nonprofits with Compliance Findings, FY09-FY14



The Monitoring Program has made changes to the Compliance standards it monitors since the program's inception. In FY11, departments began monitoring new standards related to emergency operations plans (2H.) and Americans with Disabilities Act (ADA) training and compliance (2I.). In FY14, departments began monitoring whether contractors had a Data Universal Numbering System (DUNS) registration (2J., no findings).

As opposed to Fiscal standards, fewer than 5% of nonprofits had findings in the majority of Compliance standards monitored in FY14 (or, more positively stated, over 95% of nonprofits met six of the ten Compliance standards, with increasing positive results over the past few fiscal years). For example, in FY13, only three standards in this category had over 95% compliance, and in FY12, there were none with that level of compliance.

The number of nonprofits with findings in *2G. Personnel Policies* and *2H. Emergency Operations Plan* increased in FY14, though the multi-year trend shows both have decreased from highs of 18% and 24% respectively in FY11.

APPENDIX C: Complete List of Standards, Findings and Contractor Outcomes

The FY14 Standard Monitoring Form comprises 71 standards, with 46 Fiscal standards and 25 Compliance standards, as well as an additional seven Governance best practices. They are organized below in the order they appear on the monitoring form.

Category	Standard	Status of Finding at Close of Monitoring Cycle (June 2014)			Total	% Agencies with Finding (n=116)
		Finding Corrected	Work in Progress	Outcome Unknown		
FISCAL						
1A. Agency-wide Budget	a. Current (fiscal or calendar year)	0	2	1	3	3%
1A. Agency-wide Budget	b. Shows income and expense by program	2	2	0	4	3%
1A. Agency-wide Budget	c. Shows allocation of shared and indirect cost by program	3	6	1	10	9%
1A. Agency-wide Budget	d. Shows fundraising separate from indirect cost by program	6	4	0	10	9%
1A. Agency-wide Budget	e. Clearly identifies all revenue sources	0	2	1	3	3%
1A. Agency-wide Budget	f. 15% of funding from non-City sources	1	8	0	9	8%
1B. Cost Allocation Procedures	a. Process for cost allocation procedures is documented in a written narrative	4	6	2	12	10%
1B. Cost Allocation Procedures	b. Process for allocating shared program costs is consistent and reasonable	3	6	2	11	9%
1B. Cost Allocation Procedures	c. Process for cost allocation procedures is documented in a written narrative	0	4	2	6	5%
1B. Cost Allocation Procedures	d. Process for allocating indirect costs is consistent and reasonable	2	4	2	8	7%
1C. Audited Financial Statements	a. Complete	0	3	0	3	3%
1C. Audited Financial Statements	b. Unqualified opinion	0	2	1	3	3%
1C. Audited Financial Statements	c. Management letter has been signed by the audit firm	1	2	0	3	3%
1C. Audited Financial Statements	d. For any prior year findings, the Contractor has corrected all the findings	0	2	0	2	2%
1C. Audited Financial Statements	e. No material weaknesses mentioned	0	2	0	2	2%
1C. Audited Financial Statements	f. No current findings and/or questioned costs	0	1	0	1	1%
1C. Audited Financial Statements	g. For any prior year findings, the Contractor has corrected all the A-133 findings	0	1	0	1	1%
1D. Tax Form	a. Federal 990 return filed for most recent tax year	1	2	2	5	4%
1E. Fiscal Policies & Procedures	a. Current	7	3	0	10	9%

Category	Standard	Status of Finding at Close of Monitoring Cycle (June 2014)			Total	% Agencies with Finding (n=116)
1E. Fiscal Policies & Procedures	b. Internal controls	2	3	1	6	5%
1E. Fiscal Policies & Procedures	c. Financial reporting	0	3	0	3	3%
1E. Fiscal Policies & Procedures	d. Accounts payable	0	1	0	1	1%
1E. Fiscal Policies & Procedures	e. Accounts receivable	0	2	0	2	2%
1E. Fiscal Policies & Procedures	f. Petty cash	0	2	0	2	2%
1E. Fiscal Policies & Procedures	g. Payroll	0	3	0	3	3%
1F. Financial Reports - Balance Sheet	a. Current	0	2	0	2	2%
1F. Financial Reports - Balance Sheet	b. Overall cash balance is positive	0	2	0	2	2%
1F. Financial Reports - Balance Sheet	c. Current assets exceed current liabilities by 2 to 1	6	11	2	19	16%
1F. Financial Reports - Balance Sheet	d. Current bank reconciliation	0	2	0	2	2%
1F. Financial Reports - Profit and Loss	e. Current	0	2	0	2	2%
1F. Financial Reports - Profit and Loss	f. Shows YTD income and expense by program/ contract/ funding source	2	2	1	5	4%
1F. Financial Reports - Profit and Loss	g. YTD net income is positive or the Contractor provides a sound explanation	6	3	0	9	8%
1G. Invoices - Expenses	a. Expenses tested on invoices have supporting documentation	5	4	0	9	8%
1G. Invoices - Expenses	b. Contractor follows its policies for writing checks, credit card use, etc.	1	1	0	2	2%
1G. Invoices - Expenses	c. Tested expenses on invoices associated with the program budget	2	2	0	4	3%
1G. Invoices - Expenses	d. Units of service provided are documented and agree with invoices	0	0	0	0	0%
1G. Invoices - Expenses	e. Subcontractor authorized by contract	0	0	0	0	0%
1G. Invoices - Expenses	f. Contractor paid its subcontractors' invoices per the schedule	0	0	0	0	0%
1G. Invoices - Expenses	g. Subcontractor invoices show basis for work billed as performed	0	0	0	0	0%
1H. Payroll	a. State and federal payroll tax returns were filed	0	0	0	0	0%
1H. Payroll	b. Employees paid with City funds are listed on the DE 9 and	0	0	0	0	0%

Category	Standard	Status of Finding at Close of Monitoring Cycle (June 2014)			Total	% Agencies with Finding (n=116)
	DE 9C					
1H. Payroll	c. Documentation that payroll taxes were paid	0	0	0	0	0%
1H. Payroll	d. If employee time is paid by more than one source, it is recorded on timesheets	8	3	1	12	10%
1H. Payroll	e. Employee & supervisor signatures on timesheets	6	0	1	7	6%
1H. Payroll	f. All changes to timesheet are initialed by supervisor and employee	3	0	0	3	3%
1H. Payroll	g. Timesheets of employees paid with City funds are consistent with invoices	0	0	0	0	0%
COMPLIANCE						
2A. Board Minutes	a. Minutes show that paid City employee on the Board did not vote on items related to City contracts	1	1	0	2	2%
2A. Board Minutes	b. Minutes show that the Executive Director is a non-voting member	1	0	1	2	2%
2A. Board Minutes	c. Minutes show current agency-wide budget approved	0	1	1	2	2%
2A. Board Minutes	d. Minutes show that financial reports are shared with the Board	1	1	0	2	2%
2B. Board Meetings	a. At least two meetings with quorum status are open to the public each year	2	1	0	3	3%
2B. Board Meetings	b. These two meetings are announced to the general public	2	2	0	4	3%
2C. Public Access to Records	a. Contractor acknowledges that it must maintain (1) most recent budget, (2) most recent tax returns, and (3) any financial audits	1	3	0	4	3%
2D. Client Representation on Board	a. By-laws include client representation on Board	0	3	0	3	3%
2E. Subcontracts	a. Documentation that procurement procedures were followed	2	1	0	3	3%
2E. Subcontracts	b. Legally binding agreements between Contractor and subcontractors are valid and current	1	0	0	1	1%
2E. Subcontracts	c. Documentation that contractor regularly monitors fiscal and programmatic performance of subcontractor	5	0	0	5	4%
2F. Licenses	a. Site licenses required by City contracts are available, verified and current	0	0	0	0	0%
2F. Licenses	b. Staff licenses required by City contracts are available, verified and current	0	0	0	0	0%
2G. Personnel Policies	a. Written and current personnel/employee manual	2	6	0	8	7%

Category	Standard	Status of Finding at Close of Monitoring Cycle (June 2014)			Total	% Agencies with Finding (n=116)
2G. Personnel Policies	b. Evidence that staff were trained regarding personnel	4	1	2	7	6%
2G. Personnel Policies	c. Documentation of the following is maintained on file	8	2	1	11	9%
2H. Emergency Operations Plan	a. Written emergency operations plan	0	2	1	3	3%
2H. Emergency Operations Plan	b. Plan contains contingency planning	3	4	0	7	6%
2H. Emergency Operations Plan	c. Staff and volunteers were trained within the last year	4	3	0	7	6%
2H. Emergency Operations Plan	d. At least one fire drill and one earthquake drill have been conducted in last year	4	3	0	7	6%
2H. Emergency Operations Plan	e. Elevator permit is current	2	1	0	3	3%
2H. Emergency Operations Plan	f. All sites have received fire inspections	1	2	0	3	3%
2I. Americans with Disabilities Act (ADA)	a. Written policies and procedures to allow people with disabilities to benefit from services	3	3	0	6	5%
2I. Americans with Disabilities Act (ADA)	b. Staff is trained regarding Contractor's ADA policies and procedures	6	2	0	8	7%
2J. Data Universal Numbering System (DUNS)	a. Demonstration of registered DUNS number	0	0	0	0	0%
GOVERNANCE						
3A. Board Best Practices	a. Assist with the raising of funds	0	2	2	4	3%
3A. Board Best Practices	b. Participate in annual giving to agency	0	2	2	4	3%
3A. Board Best Practices	c. Achieve quorum at every meeting	0	0	1	1	1%
3A. Board Best Practices	d. Conduct an Executive Director performance review annually	0	0	2	2	2%
3A. Board Best Practices	e. Bylaws define term limits, quorum, etc.	0	3	1	4	3%
3A. Board Best Practices	f. Board leadership positions filled	0	0	1	1	1%
3A. Board Best Practices	g. Conduct recruitment	0	0	1	1	1%

APPENDIX D: All Contractors with Findings, FY14

Ranked by Total Outstanding Findings at Close of Monitoring Cycle

Nonprofit Name	Funding Departments	Total Initial Findings	Findings Addressed	Outstanding Findings	Initial Findings Detail
GUM MOON RESIDENCE HALL	CFC, DOSW, HSA, MOHCD	30	1	29	1A.a., 1A.c., 1A.e., 1B.a-d., 1C.a-g., 1D.a., 1F.a-g., 1G.a-c., 2G.b., 2H.b-c., 2I.a-b.
BAYVIEW OPERA HOUSE[4]	ARTS, OEWD	27	1	26	1A.b-c., 1B.a-d., 1E.b., 1E.e-g., 1H.d., 2A.a., 2A.c., 2C.a., 2D.a., 2E.a., 2G.a-c., 2H.a-f., 2I.a-b.
AFRICAN AMERICAN ART & CULTURE COMPLEX[5]	ARTS, DCYF	21	2	19	1A.c-d., 1B.a-d., 1E.b-c., 1E.g., 1F.c., 1H.d., 2A.a., 2A.c-d., 2B.a-b., 2C.a., 2G.a., 2G.c., 2H.d., 2I.b.
NIHONMACHI LEGAL OUTREACH DBA API LEGAL OUTREACH	DOSW, HSA	15	0	15	1A.a-f., 1B.a., 1C.a., 1F.a-g.
BRAVA FOR WOMEN IN THE ARTS	DCYF, MOHCD	10	0	10	1A.c., 1B.a-d., 1E.b., 1F.c., 2G.b., 2G.c., 2H.a.
SAGE PROJECT INC	DCYF, DPH	9	0	9	1B.b., 1E.c., 1F.c., 1G.c., 2B.b., 2C.a., 2D.a., 2G.a., 2H.b.
SAN FRANCISCO VETERANS EQUITY CENTER	HSA, MOHCD	9	0	9	1A.a., 1B.a-d., 1H.d-e., 2A.b., 2G.b.
CENTRAL CITY HOSPITALITY HOUSE	DPH, HSA, MOHCD, OEWD	9	1	8	1A.f., 1E.b-g., 2H.b., 2H.f.
BOOKER T WASHINGTON COMMUNITY SERVICES CENTER	DCYF, MOHCD	10	4	6	1A.c-d., 1B.a-d., 1H.d-e., 2H.c., 2I.b.
BAYVIEW HUNTERS POINT MULTIPURPOSE SENIOR SERVICES	ARTS, HSA, SHF	6	0	6	1C.a-d., 1D.a., 1F.c.
BAYVIEW HUNTERS POINT FOUNDATION FOR COMMUNITY IMPROVEMENT	DCYF, DPH, HSA	6	1	5	1A.f., 1B.a-b., 1G.a., 2A.d., 2D.a.
ARAB CULTURAL & COMMUNITY CENTER	DCYF, DOSW, MOHCD	4	0	4	1E.a., 2G.a., 2H.c-d.
SAN FRANCISCO LGBT COMMUNITY CENTER	HSA, OEWD	5	2	3	1F.c., 1F.g., 1H.f., 2G.a., 2H.b.
MISSION NEIGHBORHOOD HEALTH CENTER	DCYF, DPH, HSA, MOHCD	3	0	3	1A.d., 1E.a., 1H.d.

[4] The Arts Commission (ARTS) joined the Citywide Nonprofit Monitoring and Capacity Building Program in FY14. When ARTS joined, two contractors became newly eligible for joint fiscal and compliance monitoring: Bayview Opera House and African American Art and Culture Complex. It is reasonable that these agencies may have a large number of findings in their first year in the program, as standards of monitoring may be more rigorous than previously applied.

[5] See above (3).

Nonprofit Name	Funding Departments	Total Initial Findings	Findings Addressed	Outstanding Findings	Initial Findings Detail
PORTOLA FAMILY CONNECTIONS INC	CFC, DCYF	3	0	3	1E.a., 1G.a., 1H.d.
SELF HELP FOR THE ELDERLY	DPH, HSA, MOHCD, OEWD	3	0	3	1C.b., 1D.a., 1F.c.
SUCCESS CENTER SAN FRANCISCO	DCYF, OEWD	3	0	3	1A.e., 1D.a., 1F.f.
APA FAMILY SUPPORT SERVICES	CFC, DCYF, DOSW, MOHCD	3	1	2	2E.c., 2G.a., 2I.a.
HORIZONS UNLIMITED OF SF	DCYF, DOSW, DPH	2	0	2	1A.f., 1F.c.
MARY ELIZABETH INN	DOSW, HSA	7	6	1	1E.a., 1G.a., 1H.d., 2A.b., 2C.a., 2E.a., 2G.a.
CENTRAL AMERICAN RESOURCE CENTER	DCYF, MOHCD	4	3	1	1G.a., 2G.b-c., 2H.a.
EVICTION DEFENSE COLLABORATIVE INC	HSA, MOHCD	3	2	1	1A.f., 1H.d-e.
MISSION NEIGHBORHOOD CENTERS INC	DCYF, DOSW, HSA, MOHCD	3	2	1	1A.d., 1F.c., 2G.c.
CHILDREN'S COUNCIL OF SAN FRANCISCO	CFC, DCYF, HSA	1	0	1	1F.c.
CONARD HOUSE INC	DPH, HSA	1	0	1	1A.f.
DOLORES STREET COMMUNITY SERVICES	DPH, HSA, MOHCD	1	0	1	1A.c.
EDGEWOOD CENTER FOR CHILDREN AND FAMILES	ARTS, CFC, DPH, HSA	1	0	1	1F.c.
HEALTHRIGHT 360	DPH, MOHCD, SHF	1	0	1	1F.c.
INSTITUTE ON AGING	DOSW, DPH, HSA	1	0	1	1C.e.
INSTITUTO FAMILIAR DE LA RAZA INC	ARTS, CFC, DCYF, DPH, HSA	1	0	1	1A.f.
MISSION COUNCIL ON ALCOHOL ABUSE	DPH, SHF	1	0	1	1F.g.
WESTSIDE COMMUNITY MENTAL HEALTH CENTER INC	DCYF, DPH	1	0	1	1A.f.
SUNSET YOUTH SERVICES	ARTS, DCYF, MOHCD	9	9	0	1A.b., 1A.c-d., 1B.a-b., 1E.a-b., 2B.a-b.
FILIPINO-AMERICAN DEVELOPMENT FOUND.	DCYF, DOSW, MOHCD	8	8	0	1E.a-b., 1H.d-e., 2E.b-c., 2G.a-b.
COLLECTIVE IMPACT (DBA MO' MAGIC)	DCYF, MOHCD, OEWD	7	7	0	1A.d., 1F.c., 1F.g., 1G.a-c., 1H.d.
ARRIBA JUNTOS	DCYF, HSA, OEWD	6	6	0	1H.d-f., 2E.c., 2G.b-c.
CHARITY CULTURAL SERVICES CENTER	DCYF, OEWD	6	6	0	1A.d., 1A.f., 1B.a., 2G.c., 2H.c-d.
GOOD SAMARITAN FAMILY RESOURCE CENTER INC	CFC, DCYF	6	6	0	1G.c., 2E.c., 2G.c., 2H.c-d., 2I.b.
BAY AREA COMMUNITY RESOURCES	DCYF, OEWD	5	5	0	1B.a-b., 1E.a., 1G.a., 2B.a

Nonprofit Name	Funding Departments	Total Initial Findings	Findings Addressed	Outstanding Findings	Initial Findings Detail
BERNAL HEIGHTS NEIGHBORHOOD CENTER	DCYF, HSA, MOHCD	5	5	0	1A.d., 1E.a., 1F.c., 1F.f-g.
SAN FRANCISCO CHILD ABUSE PREVENTION CENTER	CFC, DCYF, DPH, HSA	5	5	0	1B.a., 2E.c., 2G.c., 2I.a-b.
HOMELESS PRENATAL PROGRAM	CFC, DPH, HSA	4	4	0	2G.c., 2H.e., 2I.a-b.
SOUTH OF MARKET CHILDCARE INC	CFC, MOHCD	4	4	0	1A.b-d., 1F.f.
BLACK COALITION ON AIDS	DPH, MOHCD	3	3	0	1C.c., 2H.e-f.
EPISCOPAL COMMUNITY SERVICES OF SAN FRANCISCO INC	DCYF, DPH, HSA, MOHCD, OEWD	3	3	0	1F.c., 1F.g., 2B.b.
GLIDE FOUNDATION	CFC, DCYF, DOSW, HSA	3	3	0	2H.c-d., 2I.b.
HUNTERS POINT FAMILY	DCYF, OEWD	3	3	0	1H.e-f., 2G.c.
LA RAZA CENTRO LEGAL INC	HSA, MOHCD	3	3	0	1B.d., 1D.a., 2H.b.
ASIAN NEIGHBORHOOD DESIGN	MOHCD, OEWD	2	2	0	1G.a., 1H.e.
COMMUNITY WORKS WEST INC	DPH, HSA, SHF	2	2	0	1B.b., 1B.d.
FIRST PLACE FOR YOUTH	DCYF, HSA	2	2	0	2H.b., 2H.d.
SAN FRANCISCO HOUSING DEVELOPMENT CORPORATION	HSA, MOHCD	2	2	0	1A.c., 1E.a.
ASIAN WOMEN'S SHELTER	DOSW, HSA, MOHCD	1	1	0	1F.g.
BRIDGE HOUSING CORP	HSA, MOHCD	1	1	0	2E.a.
CENTER ON JUVENILE & CRIMINAL JUSTICE	DCYF, DPH, HSA, SHF	1	1	0	1F.c.
HAMILTON FAMILY CENTER	DPH, HSA, MOHCD	1	1	0	1F.c.
HEARING & SPEECH CENTER OF NOR CAL	DCYF, MOHCD, OEWD	1	1	0	1E.a.
LARKIN STREET YOUTH CENTER	ARTS, DCYF, DPH, HSA, MOHCD, OEWD	1	1	0	1F.g.
LUTHERAN SOCIAL SERVICES OF NOR CAL	DPH, HSA	1	1	0	1G.a.
NORTH OF MARKET SENIOR SERVICES DBA CURRY SENIOR CENTER	DPH, HSA	1	1	0	1H.d.
PROJECT OPEN HAND	DPH, HSA	1	1	0	1F.c.
ST VINCENT DE PAUL SOCIETY OF SAN FRANCISCO	DOSW, HSA	1	1	0	2I.a.

APPENDIX E: City Monitoring Staff and Contractor Survey Responses, FY14

1. City Monitoring Staff Survey Responses

Each year, the Controller's Office solicits feedback from city staff that monitor contracts for nonprofits in the Citywide Nonprofit Monitoring and Capacity Building Program using an online survey. In FY14, 15 contract monitors responded, representing approximately 50% of total monitors, with one to three monitors per department providing feedback.[6] Sixty percent of respondents served as the Lead Department on one or more of their monitoring site visits or self-assessments. Over half of respondents reported spending an average of one to four hours on site visits, while self-assessments took anywhere between one and 12 hours.

A large majority of contract monitors reported clarity on their monitoring responsibilities, confidence in their findings, and adequate training and support to conduct monitoring. Respondents reported less confidence with their role of coaching contractors on improving fiscal and compliance documents.

Figure E1: Feedback on the Monitoring Process

Survey Questions	Always	Most of the Time	Sometimes	Never
Were you clear about your role and responsibilities as a team member for the monitorings?	5	6	2	0
Did you receive adequate support, tools and training to effectively contribute to the monitorings?	3	8	1	1
Did the Lead Department Representatives for your monitoring teams coordinate with you prior to the monitorings?	4	4	4	1
Did Lead Department Representatives vet findings with you before sending the Monitoring Report Letters to the contractors?	4	5	3	1
Did the monitoring teams you participated in work well together?	6	4	2	1
Were you confident about the monitoring team's findings documented on the Monitoring Report Letter?	4	8	0	1
When needed, did you feel comfortable coaching Contractor staff to improve their fiscal and compliance documents, e.g. cost allocation plans?	4	5	2	2

Overall, contract monitors found resources from the Controller's Office and their department managers helpful. A number of staff did not attend workshops or use the online resources available through the Controller's Office. Some monitors reported that the lead monitors on their team had exceptional fiscal knowledge and experience, and clearly and patiently reported findings to the contractor at the end of their site visits.

[6] Except the Children and Families Commission (First 5), which did not provide feedback due to staff member leave.

Figure E2: Value of Available Resources in Conducting Monitoring

Survey Questions	Very helpful	Somewhat helpful	Not helpful	Did not use
Guidance from my manager and/or Steering Committee Representative	4	6	1	4
Monitoring team colleagues from other departments/divisions	10	2	1	2
Steering Committee Meetings (if you attend)	5	3	0	6
Controller's Office staff	6	5	0	4
Written Citywide Monitoring Guidelines	6	7	2	0
Controller's Office Technical Workshops, conducted by CompassPoint	4	4	1	6
Templates and other resources in the Controller's Google Drive folders	4	3	1	7
Controller's website for non-profits	3	4	1	6

Some respondents provided additional ideas to help improve the Monitoring Program.

Figure E3: Suggestions for Improvement from City Monitoring Staff

In general, what are your top two ideas for improving the Citywide Nonprofit Monitoring Program?
• Involve both program and fiscal staff in monitoring process.
• Involve city audit team's assistance.
• Having individuals with fiscal knowledge and experience act as leads at the onsite monitoring visits.
• Create a clearer tool.
• An efficient system which streamlines the joint monitoring process, e.g. a repository that easily, quickly uploads and downloads documents, and a tracking system that allows monitors to ascertain the monitoring health/history of an agency over the past four years.
• Do not assume that all monitors have the fiscal experience for parts of the review process; separate the review day, therefore, into a fiscal review day and a compliance review day, or separate into morning and afternoon sessions so that those with limited expertise can participate appropriately and efficiently.
• Resources to provide to CBO's after monitoring has concluded, such as technical assistance trainings available through the Controller's Office.
• More planning and discussions prior to site visit.
• A centralized, internet based database/calendar. Right now, too many moving parts.
• We monitor the current program year, meaning that any misdeeds done in the second half of the year go unmonitored. The last month or two, when agencies are trying to spend out, are the most sensitive.
• Not redoing information so many times: the letter to agencies, upload to COOL, email to Gmail, input info in Google dashboard, input info into Google form, plus the internal logs we use in our department. It seems repetitious.

- Can the online checklist form automatically generate the monitoring report letters?
- Better training for all fiscal monitors. This training should cover both general nonprofit financial systems as well as the City's joint monitoring process. We need more consistency among the monitors.
- Simplify the Monitoring Form. I'm not sure it serves the City or the nonprofits we work with to go through such an extensive form every single year.
- Better coordination between departments, and more uniform standards across departments.
- Decreasing time wasted during on-site visits: arriving at the site, waiting for team arrivals, waiting for tasks to be assigned, waiting for things to be finished because one member is still doing their task.
- Great TA from the Controller's Office! One other suggestion, more support for "solo" monitoring. There are large single grants going to organizations without grants from other departments, meaning that one has to do solo monitoring visits, which can be difficult.
- Invoice review should not be part of the fiscal visit. There are far too many differences between departments, and it is confusing for the nonprofits. Also, departments should feel free to review invoices at any time, not just at the single annual visit.

2. Contractor Survey Responses

Each year, the Controller's Office solicits feedback from nonprofits engaged in the Monitoring Program using an online survey. In FY14, 38 contractors responded, representing 32% of the year's pool. The majority of the respondents (71%) received a site visit, while 26% received a self-assessment, and one contractor had a waiver for the year.

Respondents were monitored by a mix of lead departments, with the most common lead being DPH or HSA. The Sheriff's Department was not the lead for any of the contractors responding, but may have been on the monitoring team for one or more of the respondents. Site visits generally required a half day of the contractors' time (63%), though some visits (26%) required up to a full day.

Figure E4: Lead Departments of Responding Contractors

Department	Number of Responses
Department of Public Health (DPH)	10
Human Services Agency (HSA)	10
Department for Children, Youth and Their Families (DCYF)	5
Office of Economic and Workforce Development (OEWD)	5
Mayor's Office of Housing and Community Development (MOHCD)	4
First 5 (CFC)	2
Arts Commission	1
Department on the Status of Women (DOSW)	1
Total Responses	38

The majority of respondents strongly agree that they understand the Monitoring Program and that it saves them time. Respondents are still overall positive, but less firm, about the training they received and the reasonableness of the Monitoring Program policies.

Figure E5: Contractor Opinions about the Monitoring Program Overall

Survey Questions	Strongly Agree	Agree	Disagree	Strongly Disagree
Do you have a clear understanding of the fiscal and compliance elements that are monitored in your City contracts/grants through the citywide monitoring process?	23	13	2	0
Does the City's consolidated monitoring process save you time compared to being separately monitored by individual City departments?	25	12	1	0
Has the City offered quality training for you and/or your staff related to the citywide fiscal and compliance monitoring process?	12	22	2	2
Are the City's fiscal and compliance monitoring requirements generally reasonable and reflective of financial best practices and state, local, and federal laws and regulations?	16	21	1	0

The survey asked respondents to provide feedback on whether the monitors adhered to the guidelines of the Monitoring Program. The overwhelming trend shows that City monitors performed their roles as instructed.

Figure E6: Contractor Feedback about the Monitoring Process

Survey Questions	Monitoring Type	Yes	No	Not Sure / NA	Blank
Did City staff provide a clear explanation of the citywide fiscal & compliance monitoring process?	SV & SA (38)	36	0	0	1
Did you receive 20-day advanced notice of your site visit and a copy of the monitoring form?	SV Only (27)	26	0	0	1
Were you given at least 6 weeks to complete the self-assessment?	SA Only (10)	8	0	2	0
Did City staff appear well coordinated?	SV Only (27)	25	0	1	1
Did City staff check in with you and/or your staff at the end of the site visit?	SV Only (27)	26	0	0	1
Did you receive a written response letter from the City within 6 weeks of your site visit?	SV & SA (38)	34	1	1	1
Were you given a clear deadline to respond to any monitoring findings?	SV & SA (38)	32	0	4	1
Were City staff accessible and responsive when you needed clarification about the process?	SV & SA (38)	35	0	1	1

Some respondents provided additional comments about their experience with the Monitoring Program.

Figure E7: Additional Comments about the Monitoring Experience

- I didn't receive the email with the entire list of items they would need to look at before they came so the day was a little more stressful and the follow up was more time consuming than it would have been if I had been more prepared. I'm not sure what happened to that email, but it was a fluke. Other years have been much smoother.
- [DPH Lead Monitor] was very responsive, thorough, helpful, and professional. We appreciated working

with him on this process.

- This year's Citywide Fiscal and Compliance Monitoring was very well coordinated.
- There were things requested in the letter response that were not included in the initial request.
- DPH was lead department for us. We also have contracts with MOHCD and received no feedback from them.
- While not difficult, it still feels duplicative. Examples are sending in 990's, audit reports, board minutes, board roster, etc. We are already asked to upload that to 7c2 for OEWD, and to 7c2 for OEWD-Workforce (same info, different database), CARBON for HSA, as well as individual grant managers asking for documents that we've already provided this way. It would be nice to have an online central repository that was really used. Insurance is another example that we upload 3 times and then submit electronically to several departments.

The Controller's Office and City departments offer technical assistance and training throughout the monitoring cycle. Respondents found their contract officer very helpful, but commonly did not use the Controller's workshops or website. Based on the comments offered, many may not have known about these resources.

Figure E8: Feedback on the Value of Resources Provided to Contractors

Survey Options	Very helpful	Somewhat helpful	Not helpful	Did not use	Blank
My contract officer or other City staff	22	11	0	3	2
Controller's Office Technical Workshops	12	10	0	14	2
Controller's website for nonprofits	7	9	0	20	2

Contractors shared the following suggestions for the program.

Figure E9: Suggestions for Improvement from Contractors

What do you think could make Citywide Fiscal and Compliance Monitoring easier and more effective both for City staff and contractors?

- Evening workshops would be fantastic. Many of the board-focused workshops are fantastic, but our board can't attend them during the day on workdays. These workshops are so great; it's a huge value to have access to them for free!
- I applaud the use of optional/beta best practices and expectations that are not strict legal/regulatory requirements (e.g. bi-annual board review of bylaws).
- Staff are helpful and professional -- greatly appreciated. It's that we get these from more than one department and the citywide process hasn't really seemed to alleviate this. Thanks.
- Experienced auditors for the process that has patience to see through an accurate monitoring session.
- Alternating site visits & self-assessments.
- We were not made aware of any trainings. It would be helpful to be exposed to these as well as the

website mentioned in the previous question. We felt in the dark about our visit and overall throughout the year.

- The training were great, but having a schedule for the year would help with scheduling and planning. It would also be helpful if some of the workshops could be repeated throughout the year.
- I think it's really good as it is.
- Reminding us about the resources available through the Controller's office. If I have been informed of this, I don't remember.
- Generally, the fiscal and compliance monitoring went smoothly this year and wasn't too terribly burdensome. As a general rule, though, the more flexibility an organization has, the more effective it tends to be. While we more or less had our ducks in a row, I've worked with smaller nonprofits that were really overwhelmed by the pages-long compliance checklist. I get that it's very important to monitor how tax money is spent, but there has to be a balance between the need for monitoring and the burden on the nonprofit. Funders tend to want it both ways - nearly every penny is supposed to be spent on programs, yet we need an extremely sophisticated administrative infrastructure to keep up with the compliance mandates. I'm sure you've heard this all before, but you gave me a box to type in, so I thought I'd use it. Nonetheless, we appreciate the funding and understand that some level of monitoring to ensure the money is used for its intended purpose is necessary.

APPENDIX F: Performance Measures

#	Category	Measure	Target	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual
1	Monitoring Team Feedback	% of Monitoring Team respondents who state their monitoring teams worked well together always or most of the time	95%	92%	100%	100%	77%
2	Department Lead Feedback	% of Lead Department Representatives reporting that they were always or most of the time confident about their findings	95%	91%	95%	90%	89%
3	Department Lead Feedback	% of Lead Department Representatives who felt they had adequate support, tools, and training to perform their responsibilities always or most of the time	95%	91%	89%	80%	78%
4	Monitoring Processes	% of monitorings are scheduled in the online calendar by December 15, 2012	95%	77%	91%	87%	94%
5	Monitoring Processes	% of the year's Monitoring Report Letters sent to the contractor/ posted to centralized repository within the deadline	80%	68%	67%	75%	88%
6	Monitoring Processes	% of City staff reporting that the monitoring process among multiple departments saves City staff time	85%	n/a	n/a	n/a	79%
7	Monitoring Processes	% of City staff reporting that consistent standards and a shared monitoring process between City departments increases the City's ability to hold nonprofits accountable	85%	n/a	n/a	n/a	87%
8	Monitoring Processes	% of City staff reporting that the Non-profit Monitoring Program helps improve your Department's non-profit fiscal and compliance practices	85%	n/a	n/a	n/a	86%
9	Contractor Feedback	% of Contractors who report a clear understanding of the fiscal and compliance elements to be monitored in their contracts	95%	98%	90%	100%	95%
10	Controller's Resources	% of City monitors who rate the training series as very helpful or somewhat helpful (of those who attended)	95%	100%	91%	100%	89%
11	Controller's Resources	% of City contractors who rate the training series as very helpful or somewhat helpful (of those who attended)	95%	n/a	n/a	100%	100%
12	Capacity Building	% reduction in findings for Nonprofits that received technical assistance in the previous fiscal year	80%	n/a	67%	50%	68%

City and County of San Francisco
Controller's Office Nonprofit Corrective Action Guidelines

I. Controller Office Policies on Nonprofit Compliance to Monitoring Standards

Background – In response to a 2009 Community-Based Organization Task Force Report, City departments and nonprofits collaboratively drafted and adopted a corrective action policy in November 2010. In winter 2013, the policy was revised in response to department contract monitors and the Budget Analyst. This revised policy offers a guide for use by City departments for situations when nonprofit contractors consistently fail to meet City monitoring standards or performance measures agreed upon by contract. The Controller's office recommends City departments adopt appropriate sections of this guideline as a tool for working with nonprofits in jeopardy.

Definitions
Required action is a list of activities a nonprofit should perform within the context of the Citywide Nonprofit Monitoring Program. All nonprofits with findings discovered during the yearly monitoring process will be required to come into compliance through completion of activities detailed in their required action plan. A required action plan does not indicate overall poor performance or put a nonprofit's contract with the City in jeopardy. It should not be confused with the corrective action process.

Corrective action is a list of activities a nonprofit should perform within an agreed upon time frame in order to improve its overall functioning. The Controller's Office recommends corrective action when a nonprofit has consistently failed to meet performance and/or monitoring standards agreed upon between a City department and the nonprofit service provider. A clear corrective action process is a valuable tool to help ensure nonprofit accountability, compliance with state and federal funding sources, and regular service delivery to San Francisco residents.

Technical Assistance – In cases of corrective action or required action, City departments may also consider technical assistance, offered by the Controller's Office or an external contractor, to assist nonprofits to come into compliance.

Oversight and reporting – Two times per year, in July and December, the Controller's Office will draft and issue a citywide list of nonprofits that have numerous monitoring findings and repeated monitoring findings under the Citywide Nonprofit Monitoring process. Nonprofits that have been placed on elevated concern or red flag status (see below), will also be included on this semi-annual list in a separate section.

II. Standard Monitoring and The Controller's Office List

Performance standards and monitoring - All City departments are responsible for performing risk-based monitoring and oversight on fiscal, compliance, and programmatic aspects on nonprofits in receipt of their funding. Performance and monitoring standards as well as reporting deadlines should be clear and reasonable in all City grants and contracts. In addition to standard monitoring assessments, City departments should make as-needed site visits or inquiries to follow up on issues or concerns that may arise.

Nonprofits funded by more than one City department - City departments should follow the policies and procedures laid out in the Controller's Office Citywide Nonprofit Fiscal and Compliance Monitoring Guidelines (see http://sfcontroller.org/index.aspx?page=420) for nonprofits that are part of the citywide monitoring pool.

The Controller's Office List – The Controller's Office will review all monitoring report letters for nonprofits in the shared monitoring pool. The twenty nonprofits with the highest number of findings and/or repeated finding, as well as nonprofits with no findings, will be listed in a semi-annual report published at the close of the monitoring season in July and updated in December. Departments are recommended to view the list to consider how best to assist nonprofits with multiple findings and support nonprofits with no findings to maintain higher performance.

III. Elevated Concern Status

Definition - The City may designate elevated concern status to a nonprofit when it fails to complete any step in the Citywide Nonprofit Monitoring Program process (see section on Monitoring: http://sfcontroller.org/index.aspx?page=420) or in an agreed upon Corrective Action process (see section I). For example, elevated concern status can occur when the nonprofit has not:

- Responded to the City's request for monitoring information by a designated deadline
- Provided a recommended action plan that is acceptable to the City by a designated deadline
- Complied with the implementation of their recommended action plan by a designated deadline

Any City department holding a contract with the nonprofit at issue, or the Controller's Office, can initiate an elevated concern status designation.

The nonprofit should be notified that elevated concern status means it will be less competitive for new grants or contracts from the City as it may not meet the minimum qualifications for new grants or contracts. Elevated concern status is meant to be temporary and a department can remove the designation once a nonprofit performs its required activities.

Internal City Communication – When considering elevated concern status in instances of multi-department funding, the City should designate a lead staff person who will be responsible for coordination and information sharing with other department funders. City departments should issue letters and hold meetings jointly.

Documentation - Once a nonprofit is designated as being of elevated concern, the City should notify the nonprofit leadership, including Executive Director and executive leadership of the Board of Directors, of this new status in writing. The designation letter should also include the issues leading to elevated concern status, specific requested actions required, the deadline for completion of each action item, the ramifications of elevated concern status, such as being less competitive for grants, and the process for removal from this status.

De-designation - The nonprofit should remain on elevated concern status until the nonprofit provides a satisfactory response to the City's requests for information or action. Upon submission of information or proof of activity by the nonprofit, the City should send a written response to the nonprofit within one month. The City's response must detail either a de-designation of elevated concern status or a clear plan with detailed steps the nonprofit needs to take to remove the status.

IV. Red Flag Status - Designation

Definition – In rare cases, red flag status can occur when a nonprofit is at imminent risk of losing their funding for mismanagement or for being unable to perform services per their agreement. Red flag status can occur regardless of whether or not a nonprofit has elevated concern status. Nonprofits undergoing corrective action may be considered, but not required, for red flag status at any stage of the corrective action process.

For example, the following fiscal, compliance or programmatic issues can lead to red flag status:

- Cash flow inadequate to ensure successful delivery of services
- Invoicing consistently and significantly inaccurate and/or late
- Inability to produce basic financial documents such as global budget, cost allocation plan, balance sheet, and profit and loss statement, despite repeated requests
- Payroll tax forms not submitted for more than one quarter
- Consistently low units of service; far below needed outcome/ output measurements
- Governance and management problems resulting in financial or service issues
- Critical safety and legal concerns
- Licensing or facilities problems threatening continued delivery of service
- State/federal investigations documenting serious concerns
- Proven, recent cases of fraud or discrimination
- Significant unresolved client complaints

Internal City Communication - When considering red flag status in instances of multi-department funding, City departments will jointly determine if a nonprofit should be on red flag status; funding department should issue letters and hold meetings jointly as well. The City should designate a lead who will be responsible for coordination and information sharing with other department funders. Any City department holding a contract with the nonprofit at issue, or the Controller's Office, can initiate the process for red flag status designation.

Documentation - Once a nonprofit is designated as being red flag status, the City should notify the nonprofit leadership, including Executive Director and executive leadership of the Board of Directors, of this new status in writing. The designation letter should also include the issues leading to red flag status, specific requested corrective actions required, the deadline for completion of each action item, the ramifications of red flag status, such as being less competitive for grants, and the process for removal from this status.

The nonprofit's leadership may be given an opportunity to contest the designation if they disagree with the factual basis of the department's determination that red flag status is warranted. City departments that provide contracts, not grants, to nonprofits must take disciplinary action per the default provisions in the contract. This includes providing the nonprofit with appropriate notice and an opportunity to correct issues as specified in the default and termination sections of the contract.

De-designation – The nonprofit should remain on red flag status until the nonprofit provides a satisfactory response to the City's requests for information or action. Upon submission of information

or proof of activity by the nonprofit, the City should send a written response to the nonprofit within one month. The City's response must detail either a de-designation of red flag status or a clear plan with detailed steps the nonprofit needs to take to remove the status.

The nonprofit should remain on the red flag status until the nonprofit has fully implemented the requested corrective action, or partially implemented corrective action to the satisfaction of the City department(s) in question. Upon submission of information or proof of activity by the nonprofit, the City should send a written response to the nonprofit within one month. The City's response must include either a de-designation of red flag status or a clear road map as to the steps the nonprofit still needs to take so that the City will remove the status. The City may choose to dialogue with the nonprofit leadership, including the board of directors, to make progress on the implementation of corrective action and may consider technical assistance, as appropriate.

De-funding - De-funding is a possible ultimate sanction for nonprofits that are out of compliance with the City's grant and contract conditions. Note that those City departments that provide contracts, not grants, to nonprofits must take disciplinary action per the default provisions in the contract and defunding may require termination of the contract. Termination for default requires that the nonprofit be given appropriate notice and an opportunity to fix the contract breach.

V. Corrective Action Process – Suggested Responsibilities

Identification of alternative service providers - City departments may choose to identify appropriate alternative service providers immediately upon designation of a nonprofit to either elevated concern or red flag status. If existing agreements or pre-qualified nonprofits cannot accommodate the service delivery need, the City may choose to undertake a solicitation process to procure needed services.

Dialogue with nonprofit leadership - The City may choose to hold meetings and dialogue with the nonprofit's leadership, including the executive committee of the board of directors, as needed and appropriate to help make progress on required or corrective action. The department may provide the nonprofit's leadership with a reasonable opportunity to respond to the department's determination that serious deficiencies exist which warrant implementation of a required or corrective action plan.

Technical assistance - The City may consider, on a case-by-case basis, whether technical assistance is appropriate and necessary in assisting the provider to come into compliance. For guidance, tools, and resources on fiscal, governance, and compliance technical assistance (regardless of whether the nonprofit is funded by multiple City departments or just one), contact the Citywide Nonprofit Monitoring and Capacity Building Program facilitated by the Controller's Office.

Elevated concern and red flag list - All departments should keep an ongoing list of those nonprofits with elevated concern and red flag status and the reason(s) why, as well as regularly notify their commissions/ oversight bodies and the Controller's Office. The Controller's Office will distribute a consolidated list semi-annually as described above, including to the Mayor's Budget Office and Board of Supervisors

Funding limitations - City departments may choose to include in their solicitations that nonprofits on elevated concern or red flag status would not meet suggested minimum qualifications. City departments may then review the elevated concern/ red flag status list and perform appropriate due diligence in the scoring process and before awarding a grant or contract.

Incentives for good performance – If appropriate and in alignment with the department's solicitation procedures, departments are encouraged to provide incentives for good performance by including the opportunity for nonprofits applying for City funding to describe their ability to successfully comply with the City's fiscal and compliance standards, and to award them points for their past success, as part of the RFP scoring system.

Whistleblower referral - In cases of suspected/ alleged fraud (as opposed to fiscal mismanagement) City departments should contact the Controller's Office Whistleblower Program – www.sfgov.org/controller/whistleblower

HRC referral - In cases of suspected/ alleged discrimination, City departments should contact the Human Rights Commission.

Vendor debarment – In cases of egregious misconduct, City department heads should pursue debarment against any City-funded nonprofit who engages in any willful misconduct with respect to any City bid, request for qualifications, request for proposals, purchase order and/or contract. This includes failure to comply with grant/ contract terms, unexcused delays, poor performance, and providing false information. Debarment requires a hearing at which the vendor can be represented by an attorney and present facts and evidence refuting the department's allegations of misconduct. The Controller's Office currently posts debarred nonprofits on the internet (http://www.sfgov.org/site/controller_index.asp?id=28412). See Chapter 28 of the San Francisco Administrative Code for more information.

Grievances - Departments should inform their nonprofit service providers about their dispute resolution procedures as well as that of the Nonprofit Review/ Appellate Panel: http://sfgsa.org/index.aspx?page=379

NONPROFIT CONTRACTOR REVIEW

STANDARD MONITORING FORM: FISCAL & COMPLIANCE

Contractor Name:	
City Contracts Reviewed:	
Department / Program	**Contract Name and Description**

For City Staff Use Only – Please indicate how this form is being used:

☐ **Self Assessment Submitted by Contractor:** *Send form to Contractor to complete and submit to the City for review; maintain file copy with lead department.*

Submit by: _____ *Submit to:* _____
(Due Date) (Name, Title, Department)

☐ **Site Visit Conducted by City Staff:** *Complete this form for use in writing up Monitoring Report Letter; maintain file copy with lead department.*

Date of Visit: _____ *Time Started:* _____ *Time Ended:* _____

	Name	**Dept/Division**
Assigned lead for this monitoring		
Additional staff (if applicable)		

1. Fiscal Review	
Tasks	**Comments**
1A. Agency-wide Budget ☐ a. Current (fiscal or calendar year) ☐ b. Shows income and expense by program ☐ c. Shows allocation of shared and indirect costs by program ☐ d. Shows fundraising separate from program expense ☐ e. Clearly identifies all revenue sources (City, state, federal) ☐ f. 15% of funding from non-City sources *(Guidance to City staff: request and review the agency wide budget to certify above items, ask Contractor if there is any missing information.)*	
1B. Cost Allocation Procedures ☐ a. Process for cost allocation procedures and plan for shared costs is documented in a written narrative or in the footnotes of the current approved agency-wide budget ☐ b. Process for allocating shared program costs is consistent and reasonable ☐ c. Process for cost allocation procedures and plan for indirect costs is documented in a written narrative or in the footnotes of the current approved agency-wide budget ☐ d. Process for allocating indirect costs is consistent and reasonable *(Guidance to City staff: request and review the agency-wide budget or written cost allocation narrative to certify the above.)*	
1C. Audited Financial Statements ***As Applicable (Per Departmental Requirements):*** ☐ a. Complete: all sections and statements included; opinion and other audit letters are signed ☐ b. Unqualified opinion ***For Organizations which received a Management Letter:*** ☐ c. Management letter has been signed by the audit firm ☐ d. For any prior year findings, the Contractor has provided you with a reasonable explanation of how the Contractor has corrected all the findings ***For Organizations which had A-133 Audit:*** ☐ e. No material weaknesses mentioned ☐ f. No current findings and/or questioned costs ☐ g. For any prior year findings, the Contractor has provided you with a reasonable explanation of how the Contractor has corrected all the findings *(Guidance to City staff: Check departmental requirements to determine applicability. If applicable, request and review the Contractor's external audit, including the management letter if available (a-d); an A-133 audit should have been conducted if the Contractor spent over $500,000 in federal funds (e-g).)*	

1. FISCAL REVIEW	
Tasks	**Comments**
1D. Tax Form ☐ a. Federal 990 return filed for most recent tax year or request for extension submitted on time *(Guidance to City staff: "on time" is 4.5 months after the close of the fiscal period, although extensions are allowed; date of submission is on page 9.)*	
1E. Fiscal Policies & Procedures ☐ a. Current (updated within the past two calendar years or to reflect monitoring/audit recommendations) In writing, contains at a minimum: ☐ b. Internal controls (safeguarding of assets, authorization of transactions, reconciliation of accounting records) ☐ c. Financial reporting ☐ d. Accounts payable ☐ e. Accounts receivable ☐ f. Petty cash ☐ g. Payroll *(Guidance to City staff: request and review fiscal policy and procedures to certify above items.)*	
1F. Financial Reports **Balance Sheet (a.k.a. Statement of Financial Position):** ☐ a. Current (as of the last four months, at least) ☐ b. Overall cash balance is positive ☐ c. Current assets exceed current liabilities by 2 to 1 ☐ d. Current bank reconciliation (as of the last four months, at least) **Profit and Loss Statement (a.k.a. Statement of Activity):** ☐ e. Current (as of the last four months, at least) ☐ f. Shows year-to-date (YTD) income and expense by program/ contract/ funding source, including indirect costs ☐ g. Year-to-date net income is either a positive number or the Contractor provides a sound explanation of how it will be positive by the end of the fiscal year *(Guidance to City staff: request and review the Contractor's most recent balance sheet, bank reconciliation, and profit and loss statement to certify the above items. Note that item 1Fb is strongly recommended but not required for City monitors to complete.)*	

1. FISCAL REVIEW	
Tasks	**Comments**
1G. Invoices Expenses: ☐ a. Expenses tested on invoices have supporting documentation: credit card charges and/or petty cash expenditures are all documented with an original receipt and reasonably tie to the cost allocation plan. ☐ b. Contractor follows its policies for writing checks, credit card use, petty cash use, and/or reimbursement for expenses tested on invoices ☐ c. Tested expenses on invoices appear to be reasonably associated with the program budget **If Units of service contract (usually DPH contracts only):** ☐ d. Units of service provided are documented and agree with invoices **If payments to subcontractors are included on invoices:** ☐ **e.** Subcontractor authorized by contract ☐ **f.** Contractor paid its subcontractors' invoices per the schedule established in the subcontracting agreement and/or prior to receiving City reimbursement for the services delivered ☐ **g.** Subcontractor invoices show basis for work billed as performed (units of service, hours, reimbursable costs) *(Guidance to City staff: test selected expenses on selected invoices, requesting documentation and explanation from Contractor as needed (a-d); request and review subcontracting agreement & invoices as needed for select months (e-g).)*	

1. Fiscal Review	
Tasks	**Comments**
1H. Payroll	
☐ **a.** State (DE 9 and DE 9C) and federal (941) payroll tax returns were filed by the end of the month following the end of the quarter for monitoring months under review	
☐ **b.** Employees paid with City funds listed on invoices checked in Section 1G above are listed on the DE 9 and DE 9C for the quarter(s) that includes the monitoring months under review	
☐ **c.** Documentation that payroll taxes due were actually paid	
Timesheets:	
☐ **d.** If employee time is paid by more than one source, it is recorded by funding source or program on timesheets	
☐ **e.** Employee & supervisor signatures on timesheets in ink (e-timesheets are acceptable)	
☐ **f.** All changes to timesheet are initialed by supervisor and employee in ink (e-timesheets are acceptable)	
☐ **g.** Timesheets of employees paid with City funds listed on invoices checked in Section 1G above list hours worked that are consistent with invoices	
(Guidance to City staff: request and review the Contractor's DE 9, DE 9C, and 941 returns, payroll tax verification, bank statements, select employee timesheets, and payroll register/ journal for the months under review.)	

2. COMPLIANCE REVIEW	
Tasks	**Comments**
2A. Board Minutes ☐ a. Minutes show that if a paid City employee or City commission member is on the Board, he or she did not vote on items related to City contracts with their affiliated City department (excluding vote on Agency-Wide Budget) ☐ b. Minutes show that if the Executive Director is a member of the Board, he or she is a non-voting member ☐ c. Minutes show current agency-wide budget approved ☐ d. Minutes show that financial reports are shared with the Board on a regular basis *(Guidance to City staff: request and review the Board roster and minutes.)*	
Does the Contractor receive at least $250,000 in City funds? ☐ YES ☐ NO If *YES*, the Sunshine Ordinance applies and monitor should answer 2B, 2C and 2D below. If *NO*, **Monitor should skip 2B, 2C and 2D below and proceed directly to 2E.**	
2B. Board Meetings ☐ a. At least two meetings with quorum status are open to the public each year ☐ b. These two meetings are announced to the general public at least 30 days in advance through the SF Public Library and the Clerk of the Board of Supervisors *(Guidance to City staff: request Contractor to show minutes and other relevant documents to certify above items.)*	
2C. Public Access to Records ☐ a. Contractor acknowledges that, per the Sunshine Ordinance, it must maintain and make available for public inspection (1) most recent budget, (2) most recently filed State and federal tax returns, and (3) any financial audits and performance evaluations performed by or for the City pursuant to a City contract *(Guidance to City staff: confirm Contractor's adherence to the above requirements.)*	
2D. Client Representation on Board ☐ a. By-laws include requirements for client representation on Board, or Contractor makes other good –faith efforts to ensure client representation *(Guidance to City staff: it is sufficient to ask Contractor to disclose information.)*	

2. COMPLIANCE REVIEW	
Tasks	**Comments**
2E. Subcontracts (includes fiscal sponsors & fiscal intermediaries) ☐ **a.** Documentation that procurement procedures in the Contractor's fiscal policies and procedures were followed by Contractor to select subcontractors (if applicable) ☐ **b.** Legally binding agreements between Contractor and subcontractors are valid and current, and include scope of work/deliverables ☐ **c.** Documentation that contractor regularly monitors fiscal and programmatic performance of subcontractor (e.g. copies of sub-contractor's fiscal documents and invoices) *(Guidance to City staff: request Contractor to explain using specific examples and documents in order to certify the above items.)*	
2F. Licenses ☐ **a.** Site licenses required by City contracts are available, verified and current ☐ **b.** Staff licenses required by City contracts are available, verified and current *(Guidance to City staff: request to see copies of licenses to certify above items.)*	
2G. Personnel Policies ☐ **a.** Written and current personnel/employee manual, including: - Equal Employment Opportunity - Harassment and Discrimination - Reasonable Accommodation - ADA - Grievance Procedures ☐ **b.** Evidence that staff were trained regarding personnel policies ☐ **c.** Documentation of the following is maintained on file: - Job description - Employment application or résumé - Employment confirmation or letter of hire - Salary information including adjustments - Verification of employee orientation - Annual TB clearance (required for some City contracts; Check with funding departments) - Fingerprinting (required for children's services) *(Guidance to City staff: request to see manual, documentation that staff have been trained, and check personnel files to certify above items.)*	

2. COMPLIANCE REVIEW	
Tasks	**Comments**
2H. Emergency Operations Plan ☐ a. Written emergency operations plan ☐ b. Plan contains contingency planning, including an alternate site, if needed ☐ c. Staff and volunteers were trained within the last year on the emergency plan ☐ d. At least one fire drill and one earthquake drill have been conducted in last year ☐ e. Elevator permit is current (if building owned by the Contractor) ☐ f. All sites have received fire inspections (if required) *(Guidance to City staff: request and review plan, permits, and inspection certifications if required; it is sufficient to ask Contractor to disclose information regarding training and drills (c and d).)*	
2I. Americans with Disabilities Act (ADA) ☐ a. Written policies and procedures to allow people with disabilities to benefit from services and containing an agency-wide ADA grievance procedure ☐ b. Staff is trained regarding Contractor's ADA policies and procedures *(Guidance to City staff: request to see policies and procedures to verify item a; it is sufficient to ask Contractor to disclose information regarding b.)*	
2J. Data Universal Numbering System (DUNS) ☐ a. Demonstration of registered DUNS number	

3. Governance Review

For FY 13-14, monitoring staff will review governance best practices with contracted agencies, identifying areas of strength and areas for improvement. Deviation from these best practices will not be considered monitoring findings in the Monitoring Report Letter; however as important indicators of healthy nonprofits, they will be tracked in a separate section of the report. Monitoring staff should review and discuss with agency representatives.

Tasks	Comments
3A. Board of Directors Best Practices ☐ a. Assist with the raising of funds ☐ b. Participate in annual giving to agency ☐ c. Achieve quorum at every meeting ☐ d. Conduct an Executive Director performance review annually ☐ e. Bylaws define term limits, quorum, committee structures, and voting/decision-making process ☐ f. Board leadership positions filled ☐ g. Conduct recruitment (including identifying and recruiting potential board members) at least once in the past year	

SIGNATURES	
Lead Department Monitor Signature & Title	Date
FOR SELF ASSESSMENTS ONLY: I, the authorized representative for the contractor mentioned above, state that the information provided is true and correct to the best of my knowledge.	
Contractor Representative Signature & Title	Date